

REMARKS/ARGUMENTS

Claims 6-10, 23 and 24 remain pending in this application. Independent claim 6 has been amended. Claim 22 has been withdrawn. The applicant reserves the right to pursue claim 22 in Divisional and/or Continuation applications.

Claim Rejections - 35 U.S.C. § 101

Claims 6-10, 23 and 24 were rejected under 35 U.S.C. § 101 on the basis that the claimed inventions are directed to non-statutory subject matter. Applicant respectfully submits that amended independent claim 6 and independent claim 23 are directed to statutory subject matter.

Pursuant to the Examiner's suggestions, claim 6 has been amended to provide a technical feature to each non-trivial limitation. Specifically, Applicant has added the limitation of providing a computer programmed to calculate a pay date value of the annuity by subtracting the dividend from the pre-dividend value, subtract a fee from the dividend on the pay date, reinvest any remaining dividend into said annuity at said pay date value, and calculate a post dividend value of said annuity. As noted by the Examiner, an example of a technical feature is a computer. The applicant respectfully submits that using a programmed computer to calculate a value, to subtract a fee from the dividend, reinvest any remaining dividend into the annuity and calculate a post dividend value is in fact tied to a technological art.

For the foregoing reasons, Applicant respectfully submits that amended claim 6 falls within the statutory subject matter of Section 101. Since claims 7-10 are dependent on claim 6, Applicant respectfully submits that claims 7-10 also overcome the rejection under 35 U.S.C. §101.

Applicant respectfully asserts that independent claim 23 is also directed to statutory subject matter. Specifically, in accordance with the PTO's requirement of including a technical

feature for each nontrivial limitation, claim 23 is directed to a system comprising a computer programmed to perform the steps of "determining a record date value of said annuity at an end of a predetermined period; calculating a dividend for said predetermined period based upon the record date value; calculating a fee for each of said plurality of investors; declaring said dividend for each of said plurality of investors and a dividend pay date; and subtracting said fee from said declared dividend on said dividend pay date." As previously mentioned, an example of a technical feature is a computer. Applicant respectfully notes that claim 23 requires each step of the system to be performed by a computer, thereby overcoming the rejection under 35 U.S.C. §101. Since claim 24 is dependent on claim 23, Applicant respectfully submits that claim 24 also overcomes the rejection under 35 U.S.C. §101.

Attachment

Pursuant to 37 C.F.R. §1.105, the Examiner requested additional information determined to be reasonably necessary to the examination of the application. Specifically, the Examiner requested copies of publications authored or co-authored by any of the Applicants that disclose the matter of Annuities. Additionally, the Examiner requested a copy of each publication that is a source used for the description of the prior art in the disclosure including a copy of the items of art referred to in the specification, page 1, lines 12-14.

In a telephone conference between Examiner Weisberger and Applicant's attorney, Christopher Brandt, Mr. Weisberger further requested copies of a prospectus of a variable annuity product that uses the method disclosed by the patent application as well as a prospectus of a variable annuity that existed prior to June 29, 2000.

In response, Applicant respectfully submits the following information:

1. Publications authored or co-authored by one or more of the inventors related to the subject matter of annuities:

The Life Insurance Law of Kansas presented by Roger K. Viola and Amy J. Lee to the Association of Life Insurance Counsel, May 18, 1998. See Section XVII Variable Contracts and Separate Accounts on page 28. (Attachment A.)

Streamlining Annual Prospectus Updates by Amy J. Lee and Laura A. Novak presented at the NAVA 2000 Regulatory Affairs Conference, June 4-6, 2000. (Attachment B.)

2. Publications providing additional information to the Examiner about the prior art variable annuities:

Variable Annuities by Gregory Carney, FSA is a course study note on the subject of variable annuities prepared by the Education and Examination Committee of the Society of Actuaries in 1992. (Attachment C.)

Nationwide Life Insurance Company, SEC No Action Letter, Publicly Available March 16, 2001. In this no-action request, Nationwide sought relief from strict adherence to Item 4 of Form N-4. Item 4 requires a Registrant to disclose in the variable annuity prospectus the accumulation unit value at the beginning of the period, accumulation unit value at the end of the period and the number of accumulation units outstanding at the end of the period for each class of accumulation units. Nationwide's variable annuity contracts make available various rider options, each with a distinct charge. Numerous combinations of rider charges are possible depending on the options selected. Accordingly, for each underlying mutual fund, a separate class of accumulation units associated with each possible combination of contract charges is maintained and in the absence of no-action relief would be required to be disclosed in the variable annuity prospectus (pursuant to the no-action relief, Nationwide discloses the accumulation value units in the SAI rather than the prospectus). Calculating an accumulation unit value for each rider combination as described in the no-action letter is the prior art industry standard for handling accumulation units for variable annuities with various rider options. The Applicant's method, however, obviates the need for different accumulation unit values for each rider combination. (Attachment D.)

Nationwide Modified Single Premium Deferred Variable Annuity Prospectus and Statement of Additional Information ("SAI"), both dated May 1, 2000. This is the prospectus and SAI referenced in the no-action letter described above. See the

section entitled Determining Variable Account Value – Valuing an Accumulation Unit in the prospectus. (Attachment E.)

3. Prior art referred to in the specification, page 1, lines 12-14 and prospectus of prior art variable annuity products:

Nationwide Modified Single Premium Deferred Variable Annuity Prospectus and Statement of Additional Information ("SAI"), both dated May 1, 2000. See the section entitled Determining Variable Account Value – Valuing an Accumulation Unit in the prospectus. (Attachment E.)

Variflex Variable Annuity Prospectus and Statement of Additional Information ("SAI"), both dated May 1, 2004. The Variflex contract has been available since 1984. See the section entitled Determination of Contract Value in the prospectus and Valuation of Accumulation Units in the SAI. (Attachments F and G, respectively.)

4. Prospectus for a variable annuity that uses the method disclosed by the patent application:

AdvisorDesigns Variable Annuity Prospectus and Statement of Additional Information ("SAI"), both dated May 1, 2004. The SAI includes a discussion on the dividend methodology. See "Method of Deducting The Excess Charge" on page three. (Attachments H and I, respectively.)

Claim Rejections - 35 U.S.C. § 112

Claims 22-24 were rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicant regards as the invention. Claim 22 has been withdrawn and is no longer pending in the application.

Claims 23 and 24 remain pending in the application and are directed to a system for managing an annuity that comprises a computer programmed to perform steps. As such,

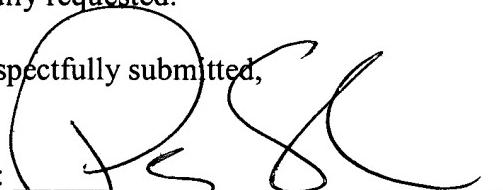
Applicant respectfully asserts that claims 23 and 24 particularly point out and distinctly claim the subject matter which Applicant regards as the invention.

In light of the arguments above, the applicant respectfully asserts that each claim is directed towards and encompasses statutory subject matter. In addition, Applicant asserts that each claim particularly points out and distinctly claims the subject matter which Applicant regards as the invention. It is respectfully submitted that claims 6-10, 23 and 24 are now in condition for allowance and eventual issuance. Such action is respectfully requested. Should the Examiner have any further questions or comments that need be addressed in order to obtain allowance, he is invited to contact the undersigned attorney at the number listed below.

Acknowledgement of receipt is respectfully requested.

Respectfully submitted,

By:


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